

**New Hampshire Racing & Charitable Gaming Commission
Commission Meeting
Concord Office
February 22, 2011
11-02**

Present: Timothy J. Connors, Chairman
Warren W. Leary, Secretary
Michael J. Gatsas, Member
Lynn M. Presby, Member
Bernard A. Streeter, Member
Anthony B. Urban, Member
Paul M. Kelley, Director
Sudhir K. Naik, Deputy Director
Charles Saia, Legal Coordinator
Steve Johnston, Supervisor Gaming Operations
Billie Jean Arseneault, Gaming/Licensing Supervisor
William Dewhurst, Sr. Auditor
Linda Glaser, Auditor
Linda Darrow, Administrative Secretary

In Attendance: Edward Callahan, Daniel Mullen, Susan Geiger, Averill Cate, Rick Newman, Dan Brown, Mary Belec, Shawn Flanagan, Jan DiMarzio, Fran Wendelboe and others.

The Chairman called the meeting to order at 11:00 a.m.

On a motion by Commissioner Streeter seconded by Commissioner Leary and unanimously voted to approve and place on file the Commission minutes dated January 19, 2011.

Ms. Mary Belec, of Administrative Services Planning and Management, addressed the Commission regarding the floor plan options for the co-location of RCGC and the Disability Commission. She provided a spreadsheet detailing the cost savings to be realized depending on which option is selected. Discussion ensued. The Commission will review the options and get back to Ms. Belec with their decision within 30 days.

On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to accept and place on file the racing & charitable gaming statistics for the fiscal period ending February 8, 2011.

The Games of Chance warning letters/late financials spreadsheets were reviewed. Deputy Director Naik provided an update. He stated that all responses had been received except for four which were past due. Discussion ensued regarding the amount of time organizations are given to respond to issued warnings. On a motion by Commissioner Presby, seconded by Commissioner Gatsas and unanimously voted to make the following changes to the current system: Once a warning letter is issued, the organization will now have 15 business days to respond. If no response is received, a second letter will go out requiring them to meet with staff immediately in the RCGC offices. They will have 3 business days from the time of receipt to respond to this second letter. If they do not respond, their license will be suspended. They will be sent a notice asking them to appear before the Commission for a revocation hearing.

The Games of Chance State Revenue spreadsheets were reviewed. On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to accept and place the spreadsheets on file.

Legal Coordinator Saia asked the Commission to vote on the final proposed-fixed text regarding Pari 1210. On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to approve publication of the fixed text and move forward and finalize the rulemaking process.

Legal Coordinator Saia notified the Commission that the Agency served Ms. Kathy Baillargeon and Ms. Linda Lavoie with Notices of Suspension. They are on notice that they are suspended from operating/participating in bingo games/lucky 7 ticket sales on behalf of any and all charitable organizations because they have not responded to Sr. Auditor Dewhurst's request dated October 30, 2010 for proof of their membership in NEAAU. In the correspondences, the Agency afforded Ms. Baillargeon and Ms. Lavoie the applicable rights of appeal to address their suspensions before the full Commission.

Legal Coordinator Saia requested that the Bingo/Lucky 7 bona fide charitable member issues be tabled until the next meeting as there may be new information which the Agency should consider prior to formal submission to the Commission. On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to table this item until the next meeting.

Legal Coordinator Saia provided a legislative update. Discussion ensued on HB 348 regarding the transfer of RCGC to the Lottery Commission. Chairman Connors, along with Ms. Wendelboe, encouraged the commissioners and all interested parties to monitor the process and attend RCGC related hearings where possible. It was also brought to the Commission's attention that Executive Director McIntyre of the Lottery Commission informed the Finance Committee that he could save the state one million dollars if RCGC were merged with Lottery. On a motion by Commissioner Presby, seconded by Commissioner Gatsas and unanimously voted to write a letter to the head of the Lottery Commission requesting details on how the Lottery Commission will achieve those savings.

Action Items:

- a. *Status of Lucky 7 dispensing devices:* The final version of the draft rules submitted by Attorneys Mullen and Geiger were submitted. On a motion by Commissioner Streeter, seconded by Commissioner Urban and unanimously voted to move forward in the rulemaking process.
- b. *Time frame for Game Operators to pay charities:* Since Senator Odell addresses this issue in SB 136, the matter is considered moot.

Correspondence was reviewed.

RCGC monthly activities for January 2011:

General:

- Electronic Pull Tab Dispensing Machine - 01/04/2011 Workshop with members of the industry, public, testing companies, etc. Review of GLI and SAS protocols. Internal meeting with staff/review of most recent amendments to L7 rules.
- Addressed - RSA 91-A, NH Right to Know Law requests.

- State of Maine Harness Racing Commission - Review and electronic filing of Commission's findings.
- Addressed occupational Licenses issues.
- RCGC Weekly GOC Work Session/Rules Promulgation - PARI 1210.01, Consent Calendar rescheduled due to weather to 02/04/2011. PARI 1212, scheduled to meet with staff & members of industry re: rewriting of rule.
- Other Matters to be considered for Rules - Affidavit of charitable member/volunteer operating or assisting in the operation of Bingo or Lucky 7 sales.
- Review of bond issue & transfer from Belmont Gaming, LLC to Torguson Group NH, LLC. Settlement of racing bond. Drafted & forwarded correspondence to Treasurer to effectuate transfer.
- Game Proposals: FortuneNet, Inc. Receipt & review of correspondence.
- Preparation and submission of Fiscal Notes for the following LSRs:
LSR# 11-0987.0/Increase of GOC Wager
LSR# 11-0409.0/Slots in municipalities
LSR# 11-0734.0 & 11-0734.1/Video Slots in 2 locales
LSR# 00-0912 Video Lottery/Table Games 4 locales
- Received and reviewed brochure for initial proposal with Pokerstars.net. Met with game operators re. Casino Game Rental payments to charities. Conference with affected parties re: receipt & confirmation of charity payments. Review of correspondence from Surety Company re: claim, prepared and forwarded correspondence to Surety Company withdrawing claim. Tel- conference w/ various charities & confirmation with gaming supervisor confirming payment in full.
- Review and research of linked bingo in other jurisdictions. Met with industry representatives.
- Liberty House- Research & review of statutes governing charitable member status and preparation & presentation of materials for RCGC.
- Addressed various in-house personnel matters.

Administrative Staff Meetings/Training/Site Visits:

- Weekly visit to race tracks.
- Attended G&C meeting for approval of Gaming Authority Contract.
- Attended House Ways & Means "Meet and Greet" session.
- Various in-house staff meetings to address rules and other matters.
- Attended Gaming Regulatory meeting.
- Attended seminar on personnel matters.

Licensing/ Enforcement:

- Issued (235) new and renewal licenses including (21) games of chance, (104) Bingo, (79) Lucky 7 and (31) game operators.
- Processed (307) financial reports for Bingo/Lucky 7 and Games of Chance.
- Conducted routine inspections of licensees conducted by agency inspectors.

The following is a summary of inspections conducted by the RCGC inspectors:

Inspectors	Bingo	Lucky 7	GOC	Investigations	Total
Daniels	13	33	13	1	60
Janotta	11	26	8	4	49
Rheume	14	33	29	5	81

White	10	20	11	1	42
Total	48	112	61	11	232

Accounting/Finance/Administrative:

- Processing AP invoices & CR revenue transactions in databases & Lawson.
- Payroll processing (bi-weekly).
- Commission meeting agenda & minutes.
- Monthly revenue transfers to Education Trust Fund (\$106,000) & General Fund (\$93,000) & 10% Gambling Tax (\$16).
- Month-end reconciliations (databases vs. Lawson) – Paristat, Bingo/L7, GOC.
- Racetrack employee licensing (94 licenses processed in Jan).
- Human Resource assistance as necessary (including attendance at monthly meetings).
- Mail, phones, customer service, filing, scanning, order office supplies, bank deposits.
- Monthly reconciliations of GOC data entry.
- Weekly or Bi-weekly receipt of payroll reports from racetracks.
- Resolving various discrepancies with vendors or other state agency billings.
- Cash balance report to Lottery.
- Resolving various issues with database entries/corrections.
- Submitted Requisition to Purchasing for 2 replacement vehicles.
- 2nd Quarter Vehicle Fleet worksheet to DAS.
- 1099 information to DAS.
- General Fund Lapse response to DAS.
- 10yr Revenue History & 3yr Revenue Projection for Ways & Means Committee.
- OUTS funds deposited from 3 racetracks (\$34,623 Belmont; \$106,969 Seabrook; \$270,440 Rockingham).
- Analyzed the turn-around time for racetrack deposits.
- Researched outstanding Verizon Wireless balance – trying to resolve matter of misapplied payment & missing payment.

Audit:

- Reviewed and submitted the monthly Pari-Pool information.
- Assisted in reviewing Electronic Lucky 7 rules.
- On The Road to Recovery Bingo Audit - Collected additional information; compiled data; initial draft of audit report.
- Single issue reviews:
 - Coheco Humane - Excess bingo door prizes
 - Brain Injury - Incorrect Deal Fee number reported
 - Am Legion Post 6 - Missing Lucky 7 deals; inventory procedures
 - Spaulding Youth Hockey - Bingo “chairperson” membership
 - Liberty House - Bona fide membership
 - Millennium Games v. FortuNet
- Finalized Concord Bingo Too audit; sent for Auditee’s responses.
- Developed instructions for Affidavit and Invoice.
- Develop revised Monthly Financial Reports.
- Gathered information regarding the bond for Belmont Gaming.
- Assisted in drafting proposed legislation.
- Reconciled data base and Lawton.

Mr. Dan Brown of Granite State Poker Alliance, LLC requested approval for the submitted marketing proposal which would team up PokerStars.net with Granite State Poker Alliance, LLC. No fees or other costs are involved. Discussion ensued. On a motion by Commissioner Gatsas, seconded by Commissioner Presby and unanimously voted to approve the proposal, with a review to be conducted by staff in 90 days.

Old Business:

Mr. Ed Callahan provided an update on Eastern Poker Tournament (EPT). The championships will take place at Seabrook and Rockingham on Saturday, March 5th and Sunday, March 6th. The finals will take place at Seabrook on March 26th. The winner will be paid \$30,000 by EPT on March 26th. Mr. Callahan stated that EPT improved business and revenue for the charities. He will submit a final tabulation by the end of March.

New Business: None

At 12:05 p.m., on a motion by Commissioner Leary, seconded by Commissioner Streeter and by a unanimous roll call vote the Commission voted to adjourn the regular meeting, take a short break, and go into nonpublic session.

Connors	-	Yes
Leary	-	Yes
Gatsas	-	Yes
Presby	-	Yes
Streeter	-	Yes
Urban	-	Yes

At 12:50 p.m., on a motion by Commissioner Streeter, seconded by Commissioner Leary and by a unanimous roll call vote the Commission voted to come out of the nonpublic session, and permanently seal the nonpublic minutes.

Connors	-	Yes
Leary	-	Yes
Gatsas	-	Yes
Presby	-	Yes
Streeter	-	Yes
Urban	-	Yes

Discussion ensued regarding the pros and cons of the office consolidation plans submitted by Ms. Mary Belec, Administrator for the Bureau of Planning and Management for the Department of Administrative Services (DAS).

Upon a motion by Commissioner Gatsas and seconded by Commissioner Streeter the Commission unanimously voted, after considering the sensitive nature of the agency data, to approve "Plan B" as presented by Ms. Belec. For the record the Commission was opposed to spending money and implementing the plan at this time since the State would be better served to wait until the end of the legislative session. However, if DAS Commissioner Hodgdon believes that we need to move forward now with a plan, the Commission will acquiesce to Commissioner Hodgdon and request the implementation of plan "B".

The next meeting is scheduled for Thursday, March 10, 2011 at 11:00 a.m. in Concord.
The Chairman closed the public meeting at 12:55 p.m.

Respectfully Submitted,

Warren W. Leary, Jr.
Secretary